

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1202-01
Bill No.: HB 522
Subject: Banks and Financial Institutions; Business and Commerce; Consumer Protection;
Attorney General, State
Type: Original
Date: March 23, 2011

Bill Summary: Changes the laws regarding unsecured loans of \$500 or less, sometimes referred to as payday loans, and allows the Attorney General to maintain an action to enforce compliance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator** and **Department of Insurance, Financial Institutions, and Professional Registration** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Office of Attorney General (AGO)** state this proposal grants the AGO two new powers: to issue cease and desist orders along with the Division of Finance and to file enforcement actions in circuit court. The AGO assumes that there is the potential for a small increase in caseload and, therefore, requests 0.5 FTE Assistant Attorney General I (AAG 1) and 0.5 FTE Investigator. The AGO may seek future appropriations if there is a significant increase in the number of referrals.

The AGO assumes a fiscal impact for FY 12 of \$66,970; \$71,617 for FY 13; and \$72,511 for FY 14.

Oversight assumes the AGO would not hire two part-time staff and would assign the extra duties to existing staff. If there is a significant increase in the workload and number of referrals, the AGO can seek additional funding through the appropriations process.

Oversight notes Section 408.500.11 provides for civil penalties, up to one thousand dollars per day, to be imposed for failing to comply with the provisions of the section. **Oversight** assumes minimal penalties will be collected and is not reflecting penalties in the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal could negatively impact small business payday loan companies, both administratively and financially, as it will limit the number of loans consumers can have with a particular lender and limits the interest rate that can be charged on loans.

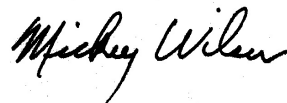
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Office of State Courts Administrator
Department of Insurance, Financial Institutions, and Professional Registration



Mickey Wilson, CPA
Director
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